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SAIBL – EVALUATION & IMPACT ASSESSMENT

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Abstract

This report presents the impact assessment of the South African International Business Linkages (SAIBL) program funded by USAID. The program is rated as very successful. Since inception in 1998, 197 SME's predominantly owned by historically disadvantaged individuals have received assistance. These beneficiary enterprises have created 8020 jobs since inception, of which at least 1309 they directly attribute to the program. At a total expenditure to date of \$2.7 million on the program, this translates into a cost of \$2062 for every job created. Moreover, of a total \$219 million of beneficiary transactions since association with SAIBL, \$27million is attributable to the program. Therefore, for every \$1 spent by USAID on the program beneficiaries receive \$10 in additional revenue. The impact assessment is based on questionnaire responses and follows up interviews of a sample of 52 beneficiaries. It is recommended, among other things, that i) the rate at which new beneficiaries are brought on board be increased, ii) the ratio of beneficiaries with linkages to U.S. companies be increased, and iii) SAIBL devise mechanisms to assist beneficiaries more actively with regard to accessing finance.

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EXECUTIVE SUMMARY

KNC and Associates has been contracted (Contract Number: 0104-0203-PO-ME7) by Mega-Tech to evaluate the South African International Business Linkages (SAIBL) program which is funded by USAID.

The South African economy is characterized by high levels of unemployment (in excess of 30%), which disproportionately impact the majority Black population. While large enterprises have continue to shed jobs in their quest for efficiency and global competitiveness, the small, medium and micro enterprise (SMME) sector is expected to create increasing employment opportunities. In view of this, SAIBL targets small and medium enterprises for inclusion in the program, and helps these enterprises to grow and eventually increase their workforce.

Established in 1998, SAIBL is implemented under a cooperative agreement (a type of grant) between USAID/SA and the Corporate Council on Africa (CCA), a US PVO. The program is conducted within the ambit of Strategic Objective 5 (SO5) of USAID viz. 'Market driven employment opportunities'. While CCA has overall management responsibility and engages in US based activities associated with SAIBL, it has sub-contracted Ebony Consulting International (ECI) to implement activities in South Africa.

Since inception, the program has expanded significantly, incorporating activities that promote agricultural linkages, facilitate regional trade in southern Africa and assist South African SME's to take advantage of the Africa Growth and Opportunity Act (AGOA). This evaluation treats the SAIBL program as a whole unit, without separating the effects and impacts of the PAL, AGOA and Trade units from the main body of the program.

The SAIBL program directly complements South Africa's National Small Business Development strategy. The national strategy seeks to create an enabling environment to encourage small business growth and development and SAIBL identifies individual firms that show potential for growth, export and employment creation.

International experience has shown that small and medium enterprise SME development is most successful when the growth and development interventions are of an integrated nature. By integrated it is understood that the form of assistance is not limited to just one type of intervention (i.e. one of the following: training, market access or financial assistance). Instead integrated assistance seeks to evaluate the business needs as a whole and assists in all areas where there is a growth constraint. The SAIBL program provides a holistic approach that incorporates a wide spectrum of services. Accordingly the assistance can be in the form of facilitating market access, quality standards certification, access to finance, training, advice or a combination, successively or contemporaneously, of these different types of assistance enterprise.

The purpose of SAIBL is to aid South Africa's fight against unemployment. It seeks to do so by pursuing the objective of promoting South Africa's historically disadvantaged SMEs, in particular by creating linkages between SAIBL clients and local or US companies. Small and medium sized businesses are thought to be the engine that drives employment creation in South Africa. In its endeavor to achieve these goals SAIBL has spent \$2.72 million out of a budget (until end of 2004) of \$5.04 million.

SAIBL's strategy is an integrated, holistic and demand driven approach, which carries the SAIBL clients through the necessary steps to make them globally competitive. To date, it has supported 197 SMEs, who report \$219 million in additional revenue and 8,020 jobs created. Among its key activities are:

- it provides comprehensive business consultancy services, that help identify and overcome business constraints faced by the enterprises;

- makes available financial assistance in the form of SAIBLs Training and Technical Assistance Fund (TTAF). About a fifth of the SAIBL budget is dedicated to this fund. Further funds are leveraged from the clients and other service providers to help meet the expense of technical and training services;
- links qualifying SMEs with US and local companies; and
- technology transfer through business partnerships, manufacturing licenses franchises, and other means.

For the purpose of evaluation, one must take into account the environment in which the SAIBL program is implemented. These include: i) an underdeveloped SME sector, ii) scarcity of enterprises that meet the SAIBL criteria and possess a track record, iii) strategy low levels of technology and skills employed in local SMEs and v) the strict requirements of the overseas markets, iv) a somewhat mixed results in the implementation of the government's small business development.

Methodology: The evaluation team applied both a consultative participatory research methodology and data analysis based on a representative sample of SAIBL beneficiaries. The participatory approach involved discussions with the SAIBL implementing team, CCA, USAID, Mega-Tech and the beneficiaries. For the data analysis, a total of 52 questionnaire responses were used. Forty beneficiary companies were interviewed while the remaining questionnaires were administered by mail or facsimile. To date, 197 companies have received some form of assistance from the program, thus the sample constitutes more than a quarter of all SAIBL assisted companies. In addition the team performed an intensive review of the relevant documentation and literature.

From the sample analysis the distribution by race is as follows. 71% of the companies assisted were fully or predominantly black owned compared to 26% white or predominantly white owned. Those predominantly white-owned were usually owned by white women or people with physical disabilities, thus falling within the South African Government's definition of historically disadvantaged. For the balance, ownership was equal white and black. In terms of Gender, of the sample 42.3% of the companies were male owned while 26.5% were female owned. The remainder was of mixed ownership, with 22.4% predominantly male owned while only 6.1% were predominantly female owned. Despite the challenges faced by enterprises owned by historically disadvantaged individuals (HDI) it is important to note that the services provided by SAIBL have led clients to make inroads into international markets. The success is high notwithstanding that the companies are predominantly owned by HDI.

Results: Every quarter, SAIBL clients submit information pertaining to their level of employment, export and turnover (see Appendix II for reporting format). On the basis of this information SAIBL computes that beneficiaries have seen net employment creation of 8020 jobs and entered into additional business contracts worth \$219 million. These results already exceed the targets set for the period September 1998 to September 2004. The quarterly reports do not, however, provide an indication of the proportion of employment growth and value of transactions that might be directly attributed to SAIBL activities. Nor does SAIBL in its own quarterly reports claim to have created 8020; it merely states that its clients have created those jobs.

Accordingly, one of the purposes of the questionnaire has been to identify the significance of SAIBL assistance in growing clients. The results in this regard are extremely good. On average, companies estimated that 20% of their growth and employment creation is due to SAIBL: some companies attribute as much as 75% of their growth to the SAIBL interventions, and while a few companies believe that SAIBL has not contributed to their business development.

A detailed analysis of the responses, then extrapolated to the entire population of the client base shows that SAIBL has had a good impact: clients attribute approximately 1309 jobs created in South Africa.

Programs (of which we are aware) by other donors or development agencies with a similar rationale, objectives and funding, have not achieved results that are as strong. The program is also very cost effective. Based on expenditure of \$2.7 million to date on the SAIBL program, it has created one job for every \$2062. This compares with more than \$10,000 for every job created in the tourism industry in South Africa, and more than \$125,000 for every job in the heavy industry in South Africa.

Enterprises with less than six employees (before their association with SAIBL) experienced the highest employment growth (407%), and they attribute on average 35% to SAIBL interventions. In the sample, companies with over 100 employees increased their workforce by 128% since their association with SAIBL, but they attribute only 5% of their growth to SAIBL, which is not surprising given that they come off a high base. Although the employment growth cuts across all sectors, it is clearly most rapid in the services sector (274%). Employment growth by SAIBL clients in the manufacturing sector was 36% even though this was the most common sector for the SAIBL clients. This can be attributed to the high mechanization of this sector unlike the service sector, which is very human-resource dependent.

Overall, the SAIBL results compare favorably with similar programs. According to the impact evaluation of a business-to-business program by a EU member country, a sample of 9 client companies created only 40 net jobs. If the sample is representative for the program, it may have created perhaps 200 jobs only, even though total expenditure on the program far exceeds the amount spent by USAID on SAIBL.

Expressed in terms of creating business opportunities for its beneficiaries, the program is equally successful. Of the \$219 million worth of business conducted by beneficiaries since their association, R221 million (about \$27 million) can be attributed to the activities of SAIBL. This means that for every \$1 spent by USAID on the program, SAIBL beneficiaries received \$10 worth of additional revenue.

Small as well as larger companies have grown their turnover with the assistance provided by SAIBL. Companies with an annual turnover below R5million before their association with SAIBL grew their turnover from an average of R1.32 million to R2.21million, attributing 28% of it to SAIBL. The larger enterprise (i.e. all those with turnover above 5 million) grew their average turnover from R19.2 million to R29.6 million, and attributed 23% of the growth to SAIBL.

A general indication of how well SAIBL clients are faring is given by their average annual growth rate of 31% (small as well as the bigger enterprises in the sample) in terms of turnover. Thus, these companies double their turnover on average every three years, this when the average GDP growth in South Africa is below 3% per annum, and the global economy is experiencing a general downturn.

SAIBL assists its clients to overcome the various constraints and difficulties they experience. From the sample analysis, 58% of the businesses interviewed submitted that they were strongly satisfied with the services provided by SAIBL while 36% submitted that they were satisfied. Only 6% were not satisfied. The most common constraints experienced by beneficiaries before they approached SAIBL were lack of access to finance and markets, limited business linkages, and absence of International Standards Organisation (ISO) accreditation. What has also emerged is that SAIBL clients struggled with the dramatic fluctuations of the South African Rand. Thus, there may be a few gaps in the services provided by SAIBL, but notwithstanding this, beneficiaries on the whole were extremely happy with SAIBL. What was striking is the willingness of companies to pay for the program assistance if it were to be charged. 58% of the companies were willing to pay for the SAIBL services while 42% were unwilling to pay.

Opportunities: From the analysis, 49% of the firms are exporting their products and the major destinations are other African countries (predominantly SADC), USA and Europe. The business linkages formed are 28% with local business, 25% with foreign-based, 15% with South African Parastatals and 8% with government. Exporting manufacturing companies grow their level of employment slower than service companies, but the service companies sell exclusively to the domestic market. Employment

created by service companies supported by SAIBL may come at the expense of jobs in other competing companies. This is not the case for the exporting or import substituting companies. If SAIBL can reach a greater number of qualifying companies, a major emphasis should be to increase the proportion of exporting companies.

This has been a time of opportunity in South Africa: before 1994, the economy was largely closed to such market opportunities, and the SAIBL success is in part riding the crest of the waves of released opportunities. Given the high quality associated with South African products, it is possible that mere linkage translates into massive opportunities. To that end, exposing these companies to USA and subsequently to global markets had potential to increase turnover exponentially.

Recommendations: The following are the key areas of recommendations based on the information gathered and the facts unbundled from the research:

1. Industry focus: SAIBL should attempt to emphasize business sectors in which RSA has comparative advantage, and those that have the potential to create jobs, especially in the export or import-substitution sectors. At present SAIBL selects its clients on a first come first serve basis. A more targeted marketing approach, based on industry sector analysis, may improve results achieved.

2. Training and Mentorship: Based on the survey, one of the most appreciated services is provision of relevant training and mentorship. Clearly HDEs (historically disadvantaged enterprises) in particular, need hands-on capacity building and mentorship. SAIBL consultants do provide a mentorship, but some may need more mentoring than SAIBL can provide. Perhaps SAIBL might use its network to tap into (retired?) volunteer mentors. The JSE has launched in 1999 the internet-based Emerging Enterprise Zone (EEZ) with this in mind.

3. Assistance in Quality Standards: South African companies need to benchmark themselves against international standards. SAIBL should continue to train and carry these companies through the process of meeting ISO requirements and other standards as demanded.

4. Assistance in accessing finance: Lack of access to finance has been classed as a challenge facing SAIBL implementation. To the extent that the situation has hardly improved in South Africa since the beginning of SAIBL, it is perhaps time to make it a program objective (rather than challenge) to aid with access to finance on a wider scale. It is recommended that a revolving fund be established, partly supported by successful SAIBL clients, to be used for bridging finance by other upcoming SMEs.

5. Emphasize penetration of the US market: The US is a potentially lucrative market for South African companies, and success there will also open the doors to other international markets. No matter how difficult it may be, it is essential to continue identifying companies that can meet the US standards, and assist them to become globally competitive. Jobs created by exporting SAIBL clients do not come at the expense of other local jobs.

6. Education on how to manage exchange rate dynamics: The volatility, in particular the appreciation, has posed a number of questions for enterprises. This is an issue for most South African companies, but may be more serious for SAIBL beneficiaries who have previously not been exposed to the international market.

7. Management Recommendations

a) Regional Coordinators: At present, SAIBL Linkage Officers are based in Gauteng and travel to other provinces to serve clients. In the long-term, it could prove more cost-effective and improve impact for SME's to establish regional offices.

b) Spread versus Depth: It is time to reconsider the balance of effort between servicing established clients and identifying new clients. The main reason that client satisfaction is so high is because communication and relationships with established clients are well-maintained. But this comes at the cost

of reaching new clients – only four new clients are reached each month. The benefits of SAIBL intervention should be more broadly disbursed.

c) Operational Management: (i) The success of SAIBL has benefited from a knowledgeable and experienced Chief of Party in South Africa. It is critical that future planning for SAIBL include a transparent succession plan. (ii) The participation and contribution of ECI directors in the project is valuable but sometimes confuses communication channels, which should be appropriately be Program Manager/Chief of Party to USAID Cognizant Technical Officer.

d) CCA Contribution: CCA's membership base and network are major strengths in the structure of the SAIBL program. However, until recently, there were no targets for US-initiated deals. The introduction of these should improve dealflow.

e) Interaction with government agencies: the government, through the Department of Trade and Industry, has several incentive schemes that could benefit SAIBL clients. SAIBL needs to investigate opportunities to strengthen links to the appropriate agencies that best serve their clients.

1 INTRODUCTION

In line with Strategic Objective 5 of USAID/SA, the objective of the South African International Business Linkages (SAIBL) programme is to generate market driven employment. SAIBL is implemented under a cooperative agreement (a type of grant) between USAID/SA and the Corporate Council on Africa (CCA), a US PVO. While CCA performs US based activities associated with SAIBL, it has sub-contracted Ebony Consulting International (ECI) to implement activities in South Africa. KNC and Associates has been contracted (Contract Number: 0104-0203-PO-ME7) by Mega-Tech on behalf of USAID to evaluate the program.

In the short to medium term, the small and medium business sector is expected to generate more formal jobs than any other sector in the South African economy. With unemployment in excess of 30%¹, job creation is one of a critical component of South Africa's socio-economic development. The SME sector in South Africa has been underdeveloped in the past, and will require substantial support achieve its potential. SAIBL, along with a large number of government initiatives and initiatives from other donors, has been designed to provide such support to SMEs.

SAIBL provides demand driven and integrated support to its clients. The cornerstone of its activities are linkages created between SAIBL clients and other companies, such as local corporations, locally based US multinationals, US based firms. These linkages are instrumental in creating a new market for SAIBL clients. Further assistance by SAIBL (and any other service provider) will be provided in response to the needs and requirements dictated by the linkage. Both South African and International experience suggests that such integrated support is most effective.

To date, SAIBL clients have created net employment of 8020 jobs and entered business contracts worth \$219 million². These results already exceed the targets set for the period September 1998 to September 2004. SAIBL in its reporting does not claim direct credit for all these results, nor does it provide an indication of the proportion of client success that might be attributed to SAIBL activities. For instance, the quarterly data sheet submitted by SAIBL clients (see Appendix II) asks: "Details of number of employees in your business: Increase (Decrease): From: To:". It does not ask how much of that increase is due to SAIBL interventions.

Without an indication of SAIBL contribution to those results, it is possible to argue that the results that they reflect SAIBL's success in identifying enterprises that are creating new jobs rather than the impact of SAIBL intervention. Thus, there are two problems with SAIBL's reporting system: it does not help identify how much of business growth is due to SAIBL interventions, if any, and therefore it does not allow for a statement on the direction of causation, reinforce hypothesis..

To deal with these problems, the evaluation team asked clients how much of their business growth is due to SAIBL involvement. In other words, the team sought to determine SAIBL's approximate contribution to client success. Based on the interviews, clients attribute to SAIBL about 20% of business growth. After taking into account factors such as enterprise size, length of association with SAIBL etc, our computation shows that the creation of 1309 jobs and R221 million worth of business transactions can be attributed to SAIBL. The figures support each other in broad terms: 1309 jobs attributed directly to SAIBL is about a sixth of all jobs created by SAIBL clients. And on average SAIBL clients suggest about a fifth of their

¹ According to the extended definition of unemployment, which includes those who have been seeking work for more than six weeks, the unemployment rate is above 40%.

² SAIBL Quarterly Report no. 18, Schedule 5, p15

growth is due to SAIBL involvement. As these figures support one another, the team has considerable confidence in them. At a total expenditure of \$2.7 million (30 April 2003) the SAIBL impact translates into a cost of \$2062 per job and \$10 worth of client transactions per \$1 expenditure by SAIBL.

Compared to other similar donor programs, this is a significant impact. A business-to-business program by an EU member country, found that sample of 9 client companies created only 40 net jobs. The total number of client companies is only 46, so if the sample is representative, the program may have created perhaps 200 jobs, and some of that growth could as well have been achieved in the absence of the program, i.e. how much can be attributed directly to that program, as opposed to external factors, has not been identified. Furthermore, the amounts spent on the program referred to, far exceeds the amount spent by USAID on SAIBL.

2 SAIBL PROGRAM DESCRIPTION

2.1 PROGRAM RATIONALE

The rationale of the SAIBL program is to help South Africa make inroads into its high level of unemployment. SAIBL seeks to create jobs by assisting with the development and growth of small and medium enterprises. Business linkages form the strategic backbone in achieving SME growth.

2.2 OBJECTIVES

The main objective of SAIBL program is to link historically disadvantaged SMEs to local and US companies. Linkages with other business and market access in general, hold out the greatest promise for business growth and subsequent new employment opportunities. The South African firms benefit through these business partnerships which bring not only new clients and markets, but also new technologies, management skills, market information and ultimately increased revenues.

2.3 DESIGN

Rather than seeking to influence policy and the general environment within which SMEs operate, SAIBL has been designed to intervene at the level of the enterprise itself. Sustainability is a key criterion in the selection SAIBL clients. SAIBL assists firms with an already established track record, rather than start-ups. It should be remembered that most enterprises do not survive the 'valley of death'; the stage in business development where the cash flow is negative. About three-quarters of all new start-ups do not exist beyond the third year of operations. By selecting for assistance firms that have already achieved a measure of success, SAIBL can guarantee for itself positive results for its efforts.

There are further aspects relevant to the program design. First, it is designed to assist and grow, in particular, SMEs owned or partially owned by designated target groups viz. designated as historically disadvantaged black individuals, the disabled and women. Secondly, it was initially designed to establish links between the SMEs and US based or locally based US multinationals. This has, however, been extended and linkages with SA companies, parastatals and other organizations are also sought and welcome.

2.4 STRATEGY

SAIBL employs a strategy that entails an integrated, holistic and demand driven approach, which carries the SAIBL clients through the necessary steps to make them globally competitive. The crucial aspect of a linkage program is that it calls forth demand driven assistance. The nature of the assistance is not a function of the resources or capabilities of any particular service provider, instead it is a function of the enterprise's needs to meet the challenges of the linkage with the new business partner.

In addition to the integrated business consultancy services it provides SAIBL has also established its in-house Training and Technical Assistance Fund (TTAF). SAIBL pays out of the fund 50% of the training or other requirements of the client. It is expected that the client pays the balance or that another partner comes on board in order to cover the full cost of the assistance. The activities under the umbrella of TTAF then set up the client so as to take full advantage to market access.

2.5 ACTIVITIES

In line with its holistic approach the SAIBL team engages in a wide range of activities that help forge business links and overcome constraints experienced by its clients. Noteworthy is that clients perceive the SAIBL team not only as consultants, but also as business partners. Because SAIBL is a donor funded program, there is no incentive for its consultants to hold back on information and advice in order to strategically maximize income.

Among the key activities of SAIBL:

- Linking South African SME firms with international (primarily USA) and local partners.
- Providing training and technical assistance to prepare and support South African SMEs in order to be able to undertake and master international business transactions.
- Technology transfer through business partnerships, manufacturing licenses franchises, and other means.

In terms of subsequent amendments, the following activities were incorporated:

- Promoting Agricultural Linkages (PAL).
- Promoting the regional trade between SADC and South Africa
- Assisting South African companies to take advantage of Africa Growth and Opportunity Act (AGO).

2.6 PROGRAM MANAGEMENT

The Corporate Council for Africa (CCA) is responsible for all activities and linkages in the U.S.A. while Ebony Consulting International (ECI) is responsible for those in South Africa. Effective liaison between the two parties is essential. Program implementation, monthly and quarterly reporting, establishment of mutually supportive relationships with relevant government and international development agency offices and programs, all fall within the ambit of these two contractors.

3 CHALLENGES for SAIBL IMPLEMENTATION

In evaluating the program, the team takes cognizance of the obstacles faced by the SAIBL team. Some of the difficulties encountered in the implementation of SAIBL are inherent in the environment posed by the SME sector in South Africa. The degree to which these have been overcome is a measure of the success of the program. The following issues are pertinent:

- o Underdeveloped SME sector in South Africa
- o Scarcity of qualifying firms with track record
- o Relatively low levels of technology by international standards
- o Downturn in global business climate
- o Difficulties with the implementation of SA's SME development strategy
- o Capital constraints on SME growth
- o Regulatory and other requirements in the US and elsewhere

In developed European economies such as Germany & Italy SME's account for more than 60%GDP. The reverse is true in SA, the South African economy has been dominated by a small number of large enterprises and where large enterprises still account for 66% of South Africa's GDP, and the SMME sector contributes only 34%. However, compared to the large enterprises, SMMEs are relatively labour intensive and provide 54.5% of employment opportunities in South Africa

The 1997 national Small Business Development strategy has been designed to deal with the weaknesses of the SME sector and help facilitate in growth. While the strategy solid, the implementation has proven to be. Rheoretical foundational in the small business sector of the time and are still with us today. Lack of access to finance, low level of skills and technical capabilities continue to hamper growth and competitiveness in the sector.

The relatively small number of firms that qualify for assistance in terms of the SAIBL provides evidence of the weaknesses in the South African SME sector. Black economic empowerment is moving at a slow pace, and while it has benefited a small number of top executives of large enterprises, it is still difficult in the SME sector to find black owned or partly black owned companies that have a track record and show potential for linkage with either US based firms or locally based multinationals.

A particular problem, which the small business development strategy has not yet been able to rectify, is the dearth of capital available for SMEs. It is easier to find finance for a project of R10million than funding for R10,000. Banks rely on conservative lending practices more appropriate to larger, more established concerns and are generally reluctant to finance SMEs, and more so if the enterprise is black owned and in its early phase of development. There are many instances where enterprises have been successfully aided by the SAIBL team, but the success could have been magnified if funds for further business growth were available. SAIBL may want to consider the implementation of a revolving fund for short term bridging finance. Verbal evidence suggests that companies that have benefited from SAIBL might even be willing to contribute to this.

The downturn in the global economic climate is also proving to be an obstacle in the implementation of the SAIBL program. The recession in the US has led to a decrease in imports, the volatility of the rand creates a significant amount of vulnerability and uncertainty for businesses, and in particular the strengthening of the rand undermines the competitiveness of South African business.

The challenges faced by SAIBL also have some historical and cultural dimensions. To some extent the vast differences between the USA business demands versus South African demands also contributed. To start with, the legacy of apartheid has left many historically disadvantaged enterprises (HDEs) with extreme shortage of business capacity and therefore unprepared to face global business challenges. Secondly the demand by US markets is very stringent and highly competitive. Thirdly, the cultural differences are enormous and to some extent this may hinder the process.

While the issues above are presented as challenges facing SAIBL implementation, they are also the very same reasons why SAIBL has been called into existence. Support in the SME sector is required exactly because of the above issues. If these problems did not exist, there would be no need for SAIBL or any similar program.

4 RESEARCH METHODOLOGY AND APPROACH

For this evaluation, the team applied both consultative participatory approach and data analysis based on a representative sample. The participatory approach involved discussions with the implementing team at SAIBL, the grantee CCA, Sub grantee ECI USAID, Mega-Tech and the beneficiaries. The discussions were primarily geared to understanding the roles of each stakeholder and how best to improve on achieving the objectives of SAIBL.

Secondly a questionnaire (see Appendix) was developed for beneficiaries. Prior to soliciting the responses from the beneficiaries, all stakeholders were given an opportunity to provide any comments. Various

comments were submitted. Thereafter, the KNC team visited 40 beneficiaries while the other 12 completed questionnaires and mailed them back to KNC. Thus the total sample on which we base our findings consists of 52 SAIBL clients, which represents more than a quarter of the total number of SAIBL clients (197).

In addition to the above, KNC undertook an intensive review of literature pertaining to SO5 strategy, the SAIBL strategy and other relevant documents. Regular briefings were held between USAID, Mega-Tech and KNC. An open line of communication between SAIBL and KNC went a long way to ensure optimal implementation of the evaluation. Teleconferencing with CCA was equally fruitful. Finally a draft report that captured the essence of the project, solicited and important valuable feedback from the other stakeholders.

5 BENEFICIARY PROFILE

This section provides a brief profile of the enterprises that have been assisted by SAIBL.

Ownership

SAIBL uses the DTI's definition of historically disadvantage person which includes not only people of color but also white people and those white people with physical disabilities. The table below indicates that 61% of enterprises were fully black-owned and 65% of enterprises in the sample were fully or predominately owned by male. Enterprises that are fully white owned may still have qualified for SAIBL assistance, because, for instance, the owners are people or physically disabled.

Percentage Ownership by Gender and Race		
	No. of clients per category	Percentages
Ownership by Gender		
100% Male	21	42.3%
100% Female	13	26.5%
Predominantly male	11	22.4%
Predominantly female	3	6.1%
Equal ownership	1	2.04%
Ownership by Race		
100% Black	30	61.2%
100% White (how often disabled or in support of disabled)	11	22.4%
Predominantly black	5	10.2%
Predominantly white	2	4.08%
Equal ownership	1	2.04%

Table 1: Ownership by Race and Gender

Firm Size by Employment

Figure 2 provides an indication of the enterprise size in terms of number of employees before the association with SAIBL. In the sample, 61% of enterprises had between 0 and 10 employees, but 12% have more than 50 employees.

Firm size by employment (before SAIBL)		
Category (No. of employees)	Number of clients	Total employees before SAIBL
0 – 5	19	57
6 – 10	11	84
11 – 20	9	112
21 – 50	4	141
51 – 100	4	241
Over 100	2	298

Table 2: Employees before SAIBL 49 responses vs 5X questionnaires.

Types of Industry

There is a fair spread of SAIBL clients across different economic sectors. 34% of enterprises in the sample are manufacturers and 23% operate in the services sector. Agriculture and Wholesale/Retail sectors were represented each by 6% of firms.

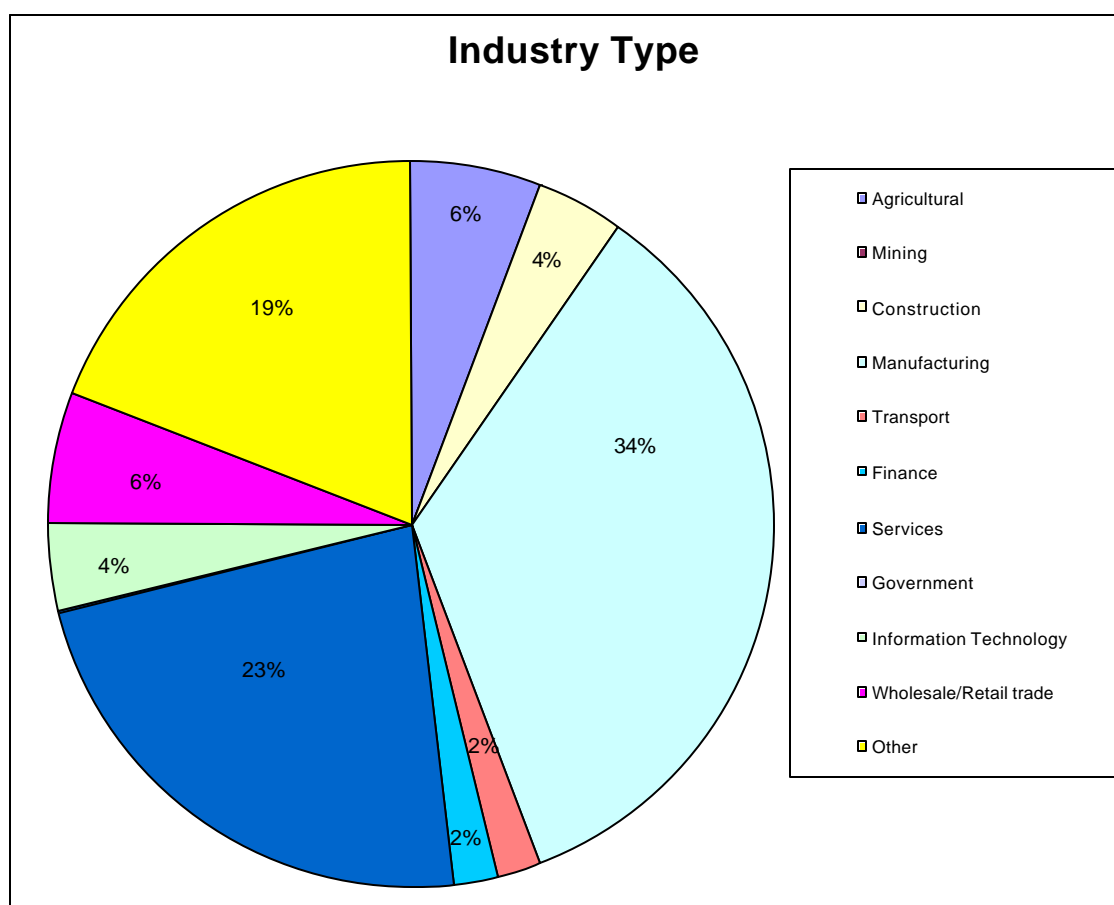


Figure 1: Firms by Type of Industry

Exports

In the sample of SAIBL clients, 42.3% have exported some of their products. There are, however, also a number of SAIBL clients who manufacture components for locally based multinationals, and while these SAIBL clients do not export directly, the multinationals do export their finished products. 19.5% of enterprises export to the USA and 24.4% to other Africa countries. Nearly 10% of firms export to Botswana, and about 7% exported each to Tanzania and Zambia. 31.7% of firms exported to other African countries. Some companies do not presently export, but expect to do so in the near future.

6 BENEFICIARY EVALUATION OF SAIBL**Initial Contact**

The sample of firms had on average been SAIBL clients for 2¼ years. 36% first approached SAIBL in 2002, 25% in 2001 and 21% in 2000. One firm has been associated with SAIBL's predecessor, the USAID funded BLUE project, since 1994.

Channels of Communication

Most beneficiaries became aware of SAIBL as a result of being contacted by SAIBL and ECI staff directly. Presentations on SAIBL have rarely attracted qualifying enterprises. Referrals from Manufacturing Advisory Centers (MAC) - business consultants - proved to be useful in the case of a number of companies. The Tourism Enterprise Program (TEP) implemented by ECI for South Africa's Business Trust was a surprise source of knowledge about SAIBL. The results suggest that consultant business networks (especially that of SAIBL consultants) are the most important avenue by which beneficiaries are identified. Therefore extending consultant's business networks simultaneously extends the range of potential SAIBL clients. Consistent with the strategy of a holistic service to clients it is clear that the consultant is the kingpin from client identification to the termination of the relationship. The quality and networks of SAIBL personnel determines the success of the program.

Where clients heard about SAIBL	Number per category
Media	0
CCA	1
ECI/SAIBL	22
Phoenix	0
DAI	2
SAFIKA SA	0
MAC	3
Presentation	1
Business linkages	1
Other (mostly Tourism Enterprise Programme)	21

Table 3: Channels of Communication

Constraints (before SAIBL Relationship).

In order to identify the obstacles and constraints respondents experienced in their businesses, they were asked to identify the business constraints they experienced prior to their association with SAIBL. After analyzing the results, it was found that SAIBL clients perceived the most common business constraints were:

- Lack of access to finance
- Limited business linkages
- ISO 9000/9002 accreditation

- Access to domestic and international markets
- Lack of training and skills shortages
- Lack of formalized marketing (advertising, trade shows, websites, brochures)

Present Constraints

Respondents also ranked a list of constraints they presently face. The table below shows that access to capital and access to markets rank the highest.

Description of Constraint	Ranking	Average (out of 8)
Access to capital	1	6.54
Access to markets	2	5.53
Exchange rate fluctuations	3	4.82
Demand for products	4	4.66
Skill shortages	5	4.29
Lack of technological innovation	6	4.22
Geographical location	7	3.45
Taxation systems	8	2.96

Table 4: Constraints Ranked

Types of Assistance Received from SAIBL

Tabulated below are the types of services provided to SAIBL clients (with the percentage of firms in the sample that receive the services).

TYPE OF ASSISTANCE RECEIVED	PERCENTAGES
Access to finance	42%
Technical assistance	42%
Training and skills development	31%
Marketing services	29%
Trade shows	23%
Introduction to business partners	12%
Research and development	10%
Technological transfer	2%
Other	8%

Table 5: Types of assistance received

The SAIBL clients showed great satisfaction with the services offered. As shown in the table below, 58% of the companies interviewed were highly satisfied with the services offered by SAIBL and 36% satisfied with the services while only 6% showed any dissatisfaction.

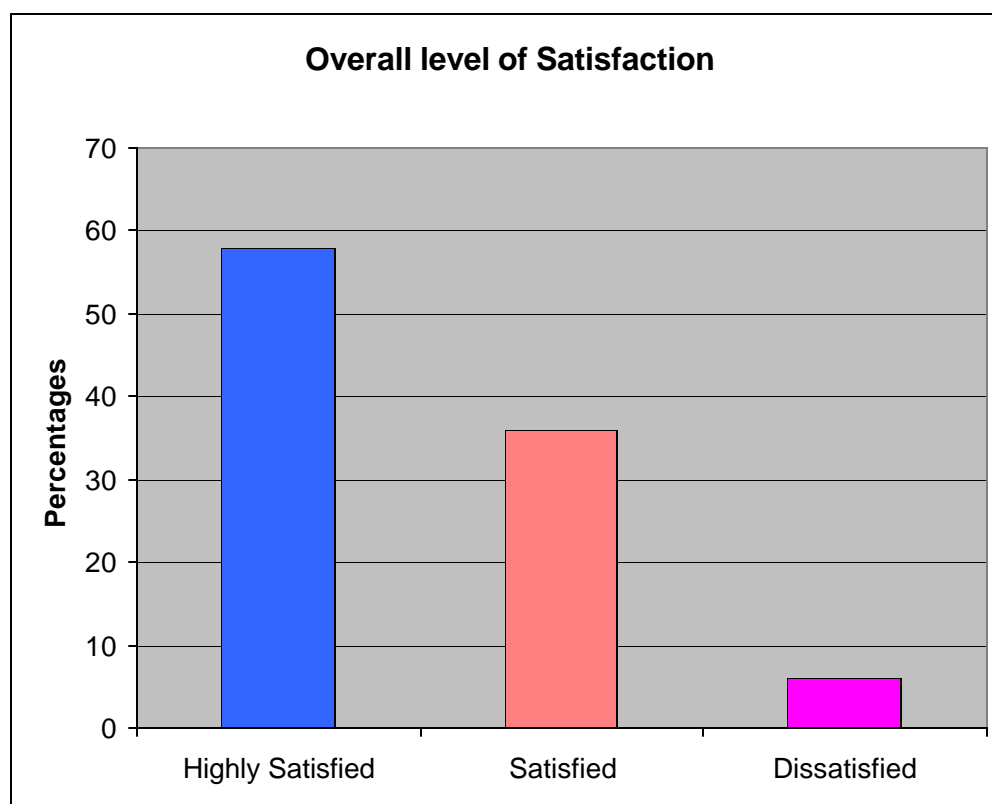


Figure 2: Beneficiary Satisfaction with SAIBL

The respondents indicated that they were satisfied with the level of expertise of SAIBL consultants and quality of services provided. However, they felt that the expertise is not being utilized in an efficient manner.

The most popular services provided on SAIBL are help in accessing finance or its contribution in terms of the TTAF came out most often (22.5% of respondents). The others rated as follows: Access to markets (18.6%) was the next most often specified SAIBL contribution, followed by skills and training and skills development (15.7%), expansion of opportunities (14.7%), business advice (13.7%) and others.

MOST POSITIVE ASPECTS	FREQUENCY	PERCENTAGE (%)
Training and Skills Development	16	15.7
Access to Finance	23	22.5
Expansion Opportunities	15	14.7
Technical Assistance	13	12.7
Business Advice	14	13.7
Market Access	19	18.6
Other	2	2

Table 6 Most positive aspect of SAIBL assistance

General Comments

Many companies either do not believe they have access to the SAIBL web-site (or lack of access to a computer prevents any access to the SAIBL website), or think the information given by SAIBL on the website is too scant. Many said lack of information was a major hindrance as they do not know what it is they are lacking hence they cannot act accordingly.

Although clients are very happy with SAIBL services, they expressed concern with the efficiency of delivering a particular concern is that communication in SAIBL and client is through 1 consultant & this can cause delays when consultants are unavailable.

7 IMPACT ASSESSMENT**7.1 APPROACH TO IMPACT ASSESSMENT**

In trying to measure the impact of the SAIBL program, the evaluation team has tried to factor in the strategic nature of the SAIBL assistance provided to enterprises. In most instances, SAIBL assists firms address a limiting factor of the enterprise, or a specific constraint experienced by the firm. By eliminating such a constraint, the SAIBL assistance allows the enterprise to move forward, often onto a higher growth path. Thus, even when the SAIBL intervention may appear to be minor in terms of funds or time expended on the firm, such intervention is critical to the enterprise.

However it is also important to recognize that the business growth achieved by a firm, is due to many factors, SAIBL involvement being only one. It seems obvious, but it needs to be stated, that the employees and owners of the enterprises do their part and their work is part of the reason for success and growth. We distinguish here between routine and strategic transactions. To the extent that SAIBL intervenes with strategic transactions, it opens the door for the enterprise to perform the subsequent routine transactions needed to exploit new potential. The routine transactions may constitute the bulk of all activities, but strategic interventions make them possible.

7.2 TURNOVER

According to its quarterly reports, SAIBL has assisted firms created 8020 jobs and generated business transactions valued at \$219 million. SAIBL generates this data from the quarterly reports (see Appendix) obtained from its clients. This form allows SAIBL to trace on a quarterly basis the sales of a company to various destinations, as well as changes to the number of employees. Adding up all the business transactions since involvement with SAIBL then yields the value of \$280mil, and net changes in employment for all clients, yields a figure of 8020 jobs created. The reporting system does not, however, indicate what portion of turnover and new jobs is due to the SAIBL intervention.

Question 28 of the questionnaire enquired about the firms' increases in total annual revenue since its association with SAIBL, and asked the clients to identify the proportion that can be attributed to the SAIBL intervention. On the basis of the responses to this question, we calculated that for the smaller of the enterprises (current annual income below R5million), the average annual turnover for firms was before SAIBL intervention R1.32million and this increased to R2.21million. On average clients attributed 28% of this to the SAIBL intervention. For the bigger enterprises, turnover increased from an average figure of R19.2million before SAIBL intervention to R29.6 million after. Clients attributed 23% of this to SAIBL on average.

SAMPLE			
Firm Size	Average Annual Turnover		Attributable
	Before SAIBL	Since SAIBL	To SAIBL
Below R5mil	R1.32mil	R2.21mil	28%
Above 5mil	R19.2mil	R29.6mil	23%
POPULATION (All clients)			
All Firms	Increase in Sales Attributable to SAIBL		R221million

Table 7 Average annual turnover.

By extending the above information gained from the sample to the full population of SAIBL clients, it was calculated that R221 (US \$28 million) worth of increases in turnover can be attributed to assistance from SAIBL.

This is not to say that all SAIBL clients have experienced increased turnover since SAIBL involvement. In fact, the table below shows that only some 60% of clients in the sample did experience an increase in sales. The figures reported above are just the simple averages, these averages hide extremes, whereby some firms attribute up to 75% of their business growth to SAIBL and others attribute 0%. On further interaction it became clear that the degree to which success is attributed to SAIBL depends heavily on the stage of development the firm finds itself in the earlier stage firms found SAIBL intervention critical to subsequent success than more mature firms.

The table below depicts this finding numerically over 50% of those increasing turnover in up to R500,000 attributed the increase to SAIBL, but only 12% of those w/an increase 5m thought so. This should be a key factor in focusing SAIBL's efforts.

Increases in Turnover attributable to SAIBL	Percentage of firms in sample
Category (In Rands)	Percentage
100 000 - 500 000	52%
500 001 – 1 000 000	28%
1 000 001 – 2000 000	0
2 000 001 – 5 000 000	8%
Above 5 000 000	12%

Table 8: Increase in Turnover

7.3 EMPLOYMENT

One of SAIBL's primary objectives is to create jobs, and accordingly respondents were asked to provide information on current number of jobs and the number of jobs before the firm's association with SAIBL. Table 9 shows that 70% of the SAIBL clients sample had increased their number of employees since inception of their association with SAIBL.

Employment Growth

CHANGE IN WORKFORCE	
Description	Percentages
Increase in workforce	70%
Decrease in workforce	7%
No change in workforce	23%

Table 9: Employment Growth

There are some SAIBL clients who have experienced a decrease in the number of employees. This is not necessarily a negative result as some respondents indicated that as a result of the SAIBL intervention they have become more efficient and thus were able to reduce their workforce. SAIBL in assistance is not surprised to see that some clients saw a decrease in workforce despite this the amount of increase is significant.

The percentage increase in their employment comes off a low base, mirroring the turnover results firms attribute higher proportion of their growth to SAIBL. By extrapolating from the sample of 52 firms to the entire population of 197 firms, and taking into account the proportion to which growth can be attributed to SAIBL, we estimate that SAIBL has been directly responsible for the creation of sustainable 1309 jobs³.

The table 10 shows the tremendous employment growth potential in small firms. Even the development hypothesis is confirmed.

Percentage Workforce Increase by Firm Size		
Firm Size Before SAIBL	% increase in workforce	% attributable to SAIBL
0-5	407%	35%
6-10	43%	23%
11-20	58%	13%
21-99	85%	22%
100 +	128%	5%

ALL FIRMS	Number of jobs created Attributable to SAIBL	1309
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Table 10: Increases per firms size and amount attributable to SAIBL

³ This is probably a conservative estimate; although the sample represents more than a quarter of all clients the total number of jobs in the sample of firms has increased by 1227 jobs (from 958 to 2185), which is less than a quarter of the 8020 net jobs created by SAIBL clients.

Further analysis of employment growth per sector (figure 7) shows that the biggest growth has occurred in the services sector. The employment growth in the information technology sector (56%) and the manufacturing sector (37%) is also important.

INDUSTRY	FREQUENCY (Number of firms)	TOTAL EMPLOYMENT BEFORE	TOTAL EMPLOYMENT AFTER	EMPLOYMENT INCREASE (%)
Agriculture	3	18	24	33
Mining	-	-	-	-
Construction	2	41	<41	
Manufacturing	18	409	559	37
Transport/ Public Utilities	1	3	3	
Finance, Insurance or Real Estate	1	8	10	25
Services	12	366	1385	278
Government	-	-	-	-
Information Technology	2	16	25	56
Wholesale/ Retail Trade	3	34	45	32
Other	10	63	93	48

Table 11: Industry and Increase in Employment

Figure 7 presents a graphic picture of how firms have grown since their association with SAIBL. While nearly 40% of SAIBL clients had fewer than six employees at the beginning of their relationship, now only 20% fall into this category. On the other hand, only eight percent of clients had between 21 and 50 employees at the beginning of their relationship with SAIBL, but as a result of firm growth 22% now fall into this category. The progression in firm size represented here is a prima-facie validation of the SAIBL methodology.

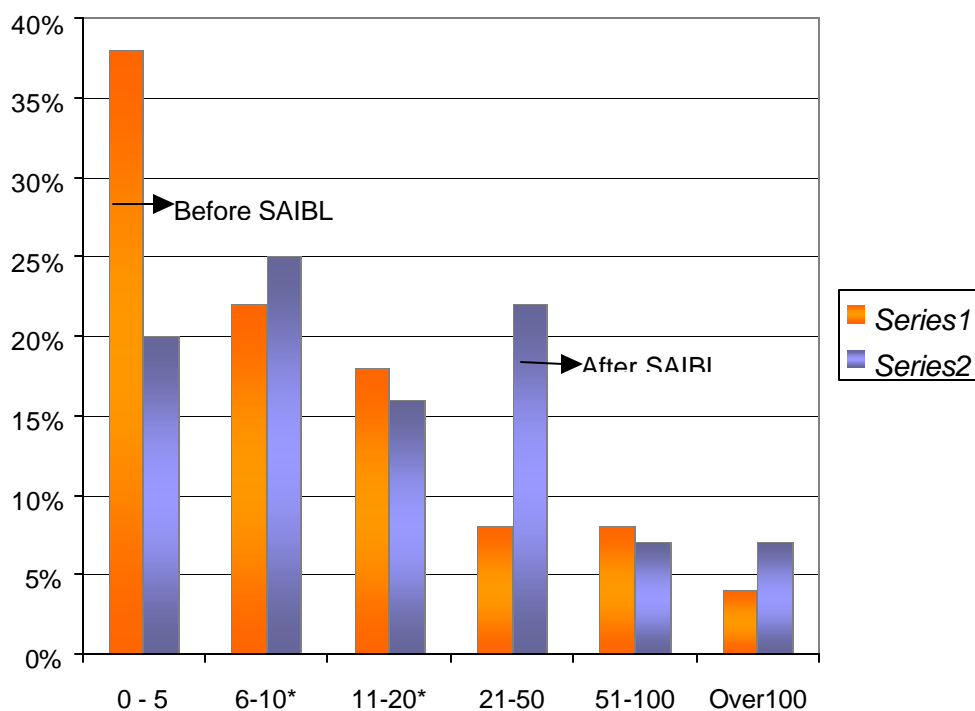


Figure 3: Growth of firms

7.4 LINKAGES

The beneficiaries did not feel that business linkages came as a direct consequence of SAIBL and their assistance. As it is part of Sail's core objectives to provide business linkages and contacts to businesses, they may need to now they facilitate these services.

The majority of the linkages formed were between local businesses based in South Africa (28%) while foreign-based businesses had 25%.

Business linkage with:	Percentage of firms
Local businesses	28%
Foreign based companies	25%
Parastatals	15%
Government	8%

Table 12: Types of Linkages

7.5 GROWTH RATE

One of the questions in the questionnaire inquired about the date when the firm first interacted with SAIBL. The age and turnover growth rate thus obtained for the firms in the sample has allowed us to calculate that on average SAIBL firms grew by 31% per annum. (The figure was 30% for firms with less than R5million turnover and 31% for firms with more.)

In South Africa the economic growth rate since inception of SAIBL has been below 3% per annum, so clearly the growth of SAIBL client firms outpaces macroeconomic factors.

7.7 COST EFFECTIVENESS

The cost effectiveness of SAIBL has been analyzed in two ways. First the team considers cost effectiveness from the point of view of the returns per dollar spent by SAIBL. Secondly it considers the cost effectiveness from the point of view of SAIBL clients.

7.7.1 Returns per \$ spent by SAIBL

Drawing on the figures calculated above:

- ◆ Number of new jobs created and attributable to SAIBL: 1309
- ◆ Value of business transactions attributable to SAIBL R221million

and the fact that total expenditure on SAIBL up to date is approximately \$2.7million, we determine that:

- ◆ \$ 2062 per new job created by SAIBL activities
- ◆ For every dollar spent by SAIBL, client enterprises earned about \$10 of revenue directly attributable to SAIBL activities

These figures compare very favorably with other South African jobs statistics. In the tourism sector it is estimated that every new job created costs R80, 000 (approximately \$10,000), and this is considered extremely cost effective. In the heavy industry sector, costs of R1million (\$125,000) per job. The main reason that the job attributable to SAIBL is low, is that it does not start-up costs. The growth of the business is created by spreading existing capacity across more contracts. Where capacity extension did occur, the cost thereof has not been factored into the calculation here.

7.7.2 Cost Effectiveness to clients

In terms of how cost effective the services provided to clients are, clients were asked if they would be willing to pay more for the services provided for the SAIBL services.

The graph shows that 58 percent of the clients said they would be willing to pay for SAIBL services and 42 percent said they would not be willing to pay for these services. A separate question asked

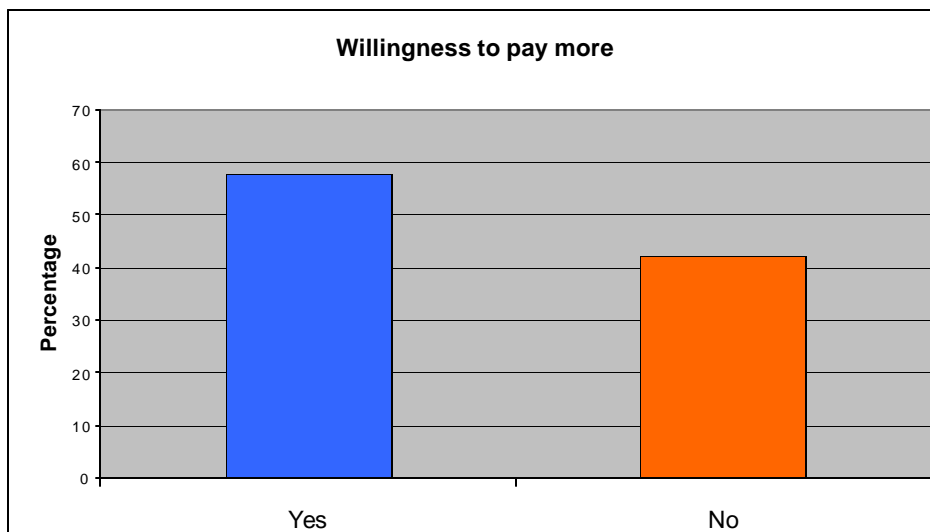


Figure 4 Willingness to pay for SAIBL services

what type of service they would be willing to pay for (either SAIBL or other service provider). The most commonly chosen types are the following (in decreasing order of importance):

- Marketing services (websites, brochures)
- Business plans
- ISO accreditation
- Access to trade shows
- Business linkages

8 RECOMMENDATIONS

This project is very successful from all prospects. The success may be attributed to both the excellent efforts by the SAIBL team and the commitment demonstrated by USAID. However, the success may also be attributed to the low levels of business linkages that existed prior to the first democratic elections in South Africa. To that end, introducing these companies to global markets, in particular the USA, had potential to generate exponential turnover growth. The bottom line is that the project has demonstrated that, given appropriate support, South African SMEs are globally competitive.

The following are the key areas of recommendations based on the information gathered and the facts unbundled from the research. The recommendations are presented in two parts; i) direct on beneficiaries and ii) on project management:

8.1 ON BENEFICIARIES

1. Industry Focus: At present, SAIBL has no sector focus – it provides assistance to any who meet its criteria. However, to maximize job creation and impact SAIBL should identify those sectors that make the most impact. SAIBL should attempt to emphasize the business sectors in which South Africa has comparative advantage, and at the same time which have potential to create jobs.

2. Training and Mentorship: Among the most appreciated service is provision of relevant training and mentorship. In particular, HDEs need hands-on capacity building and mentorship. This means that “graduation” is a longer prospect than otherwise may be preferred.

Business Partners runs a mentoring program for SMEs that provides mentoring and advice in a variety of areas. In addition, the JSE has launched the internet-based Emerging Enterprise Zone (EEZ), which entrepreneurs and venture capitalists are invited to join. The objective is to facilitate matchmaking between business units, and often mentorship relationships establish themselves as a result. These are two programs that SAIBL should investigate opportunities to learn from and possibly partner with.

3. Assistance in Quality Standards: South African companies need to benchmark themselves against international standards. SAIBL should continue to train and carry these companies through the process of meeting ISO requirements and other standards as demanded. In addition other requirements such as sanitary standards and presentation requirements such packaging is critical to enhancing competitiveness. SAIBL needs to strengthen its support in this area.

4. Assistance in accessing finance: In South Africa, the financial sector has the resources to support the business sectors needs. However, serving the needs of SMEs requires special skills, especially for historically disadvantaged entrepreneurs. SAIBL should continue to assist these companies through development of optimal business plans and introducing them to companies that could bring in equity partners.

Experience has shown that many financial institutions are keen to finance SME and HDEs in the expansion stage. Those not yet at that stage would benefit from an alternate source of finance. Given that 58% of current clients have indicated that they would be willing to pay for SAIBL services. Should successful companies be charged a fee, such fee could be invested in a revolving fund that can be used to assist earlier-stage SAIBL clients with finance.

5. Emphasize penetration of the US market: Access to the USA market has the potential to fast track the growth of South African companies and ensure long term and sustainable job creation. The companies that are exporting to the USA seem to have very high growth rate and sustainable jobs. This is because the ability to meet stringent US standards is usually an entrée to the global markets. While other initiatives are commendable, the interaction and the research seems to suggest that opening the US market for the South African companies is the key to many other opportunities. Once companies penetrate the US market, competing for other markets gets is not as difficult. Furthermore, the US market is so vast that for a South African SME, even less than 1% market share is a tremendous boost to revenue.

Given that global trade is highly competitive, SAIBL should consider “cherry-picking” SMEs that appear to be high fliers and concentrate their US market penetration efforts on those. Comparing these to the rest of SAIBL client base may provide valuable lessons in the challenges and issues facing SME’s in exporting to the US.

6. Education on how to manage exchange rate dynamics: Understanding exchange rate dynamics is critical to survival of exporting companies. Many companies were thrown off guard due to unexpected appreciation of the Rand. This has led to fast decline of their turnover with subsequent decrease in profits. In order to minimize the dangers inherent in exchange rate dynamics, SAIBL needs to train their clients on issues of hedging and forward cover. The program should consider a trained economist or financial analyst in the staff complement who can assist in forecasting some of the anticipated changes in the exchange rate.

8.2 PROJECT MANAGEMENT:

1. Regional Coordinators: While SAIBL has achieved commendable successes, the alternatives forgone have to be considered. The cost of managing such a project with many companies from one office given the wide geographical spread is relatively high, and often the businesses may not access the assistance as and when needed. It is therefore recommended that some regional offices be established in provinces that have high potential (e.g. KwaZulu Natal, Eastern Cape). On the basis of simple cost benefit analysis, SAIBL can compare the costs associated with the present arrangement with the costs involved when there are regional offices.

2. Spread versus Depth: It is time to reconsider the balance of effort between servicing established clients and identifying new clients. The main reason that client satisfaction is so high is because communication and relationships with established clients are well-maintained. But this comes at the cost of reaching new clients – only four new clients are reached each month. The benefits of SAIBL intervention should be more broadly disbursed.

3. Operational Management: (i) The success of SAIBL has benefited from a knowledgeable and experienced Chief of Party in South Africa. It is critical that future planning for SAIBL include a transparent succession plan. (ii) The participation and contribution of ECI directors in the project is valuable but sometimes confuses communication channels, which should be appropriately be Program Manager/Chief of Party to USAID Cognizant Technical Officer.

4. CCA Contribution: While the challenges of penetrating business in the USA cannot be underestimated, it appears that, to date, the majority of linkages emerge from the South African side. The program can be strengthened by the better use of CCA's membership and US network. The newly introduced targets should work to focus this activity. According to its submission, CCA will in the next 2 years, conduct between 15 – 20 outreach program with approximately 50 – 60 companies participating at each occasion. This translates to 750 – 1200 companies exposed to RSA companies. We recommend that within this range a specific target for US-initiated deals be set.

5. Interaction with government agencies: The government, through the Department of Trade and Industry, has several incentive schemes that could benefit SAIBL clients. SAIBL needs to investigate opportunities to strengthen links to the appropriate agencies that best serve their clients.

9 CONCLUSION

High levels of unemployment will continue to plague South Africa for a long time to come. At the recent Growth and Development Summit it was made very clear that job creation is a top priority for South Africa. The rationale and objectives of the SAIBL program are clearly in tune with the needs of the country. The program has been highly successful. It has either already exceeded its targets set for the period September 1998 to September 2004, or will exceed those targets by September 2004. Since 1994 about R2.5 billion have been spent by donors and government on SME development in South Africa. While the SAIBL program is small in relation this entire effort, its impact has been huge. Many other SME development initiatives have come unstuck in the face of the challenges inherent in the SME sector, but SAIBL has grown from strength to strength. Its cost-effectiveness in creating jobs serves as a case study for all parties interested in SME development in South Africa and elsewhere. The evaluation team is not aware of other programs in South Africa that even approach the SAIBL success in this regard.

10 APPENDICIES

Appendix A LIST OF ABBREVIATIONS

AGOA	Africa Growth Opportunity Act
CCA	Corporate Council on Africa
DTI	Department of Trade and Industry
ECI	Ebony Consulting International
HDE	Historically Disadvantaged Enterprises
ISO	International Organization Standardization
KZN	KwaZulu Natal
PAL	Promoting Agricultural Linkages
PMP	Performance Monitoring Plan
RSA	Republic of South Africa
SADC	Southern African Developing Countries
SAIBL	South Africa International Business Linkages
SME	Small Medium Enterprises
SMME	Small Medium and Micro Enterprises
SO	Strategic Objective
TEP	Tourism Enterprise Program
TTAF	Training and Technical Assistance Fund
USA	United States of America.
USAID	United States Agency for International Development

Appendix B SAIBL QUARTERLY DATA COLLECTION SHEET

Date

Contact Person
Company Name

Fax No.

Dear.....

In terms of our agreement with the funders of the SAIBL Project, USAID, we are obliged to submit quarterly reports on the transactions and job opportunities generated by businesses **as a direct result of SAIBL's intervention**, where assistance in any form has been provided and funded, in whole or in part by SAIBL. **(See attached)**

As a valued SAIBL client, we would appreciate your co-operation in completing the form below and faxing it to (011) 802-1101 for attention

Period:

1. Transaction/Turnover:

International sales (USA)

**Value of exports to the US that qualify under the Africa Growth and
Opportunity Act (AGOA)**

International sales (Africa)

State Country(ies)

International sales (Other)

State Country(ies):

Local sales with US companies

Local sales with other companies

2. Job Opportunities

Details of the number of employees in your business

Increase: **From:** _____ **To:** _____

Decrease **From:** _____ **To:** _____

No change

3. Number of new customers

4. Number of invoices issued (transactions)

Kindly advise whether you require any further assistance from SAIBL. I look forward to your response.

Thank you for your assistance

Appendix C LIST OF DOCUMENTS REVIEWED

CCA Modification of Assistance (Block 15)

CCA Revised Budget Cooperative Agreement (Amendment No 1)

CCA Revised Budget Cooperative Agreement (Amendment No 2)

Contract Distribution Form

Pipeline, OYB and Budget Planning

SAIBL Fifth Annual Workplan

SAIBL Quarterly Report Nos.6-18

SAIBL TRADE Component- The Way Forward

SAIBL's Impact in the U.S

SO5 PIR Meeting Notes (11/20)

SO5 Program Implementation Review (10/01/01-31/03/02)

SO5 Program Implementation Review (November)

SO5 Project Implementation Review.(31/3/99)

Appendix D AFFILIATED CONTACT PEOPLE

SAIBL

Sonny Tarr and the full SAIBL Team

ECI

Bill Grant

Errol Benvie

CCA

Nischal Patel

MEGATECH

Jan Rockliffe-King

Steve Horn

USAID

Gloria Mamba

Joel Kolker

Appendix E**RESPONDENTS DATABASE**

CONTACT PERSON	COMPANY	POSTAL ADDRESS	TELEPHONE	PROVINCE	SECTOR
Mthembeni Mkhize	Tonneau Covers	P.O. Box 2122, Silverton Pretoria	012- 349 2114	Gauteng	Motor Vehicle components and accessories
Alan Reece	Rare Thatch System	Cnr Protea and Stock Road, Philipi/ Kwanotuthuzelu Workshop for the Disabled Gugulethu, Cape Town.	(021) 633 2280	Western Cape	Outdoor Furniture Manufacturers
Gregory Abrahams	Intaba Ye Tatile	51 Berkley Rd, Gateway Park Unit 105 Ndabeni 7405	(021) 510 6237	Western Cape	Manufacturing
Themba Mthombeni	Yenza Manufacturing (Pty) Ltd.	5 Pasita Street, Unit 6 Sunbird Office Park, Tygervally, 7551	(021) 914 6214	Western Cape	Services
Gavin Maggott	Roll-Ability (Pty) Ltd.	Units Viking Business Place, Thor Circle, Thornton, 7460	(021) 532 2044	Western Cape	Manufacturing
Aubrey Karshaeen	Ikhwezi Automotive (Pty)Ltd.	P.O Box 13857 Humkwood 6013, PE	(041)373 3662	Eastern Cape	
Adrian Vardy	Dynamic Commodities (Pty) Ltd.	1-7Burma Rd, Deal Party, PE	(041) 486 1523	Eastern Cape	Food and Kindred Products
Dr Tando	Ntozakhe	2038 Ntlabathi Rd, Ezibeleni Industrial, Queenstown	(047) 873 1892/3	Eastern Cape	Beef Cattle feedlots
Emerson Bungane	E.B. Hydroponics	No 1,Ncambedlana Farms , 1st Avenue,Ncambedlana,Umtata	((047)537 0634	Eastern Cape	Field Crops
John	Paracamee Eskakleen	57,Hillcrest Ave, Blairgowrie	781 9080	Gauteng	Services
	Rand Coach Tours	P.O Box 2025, Florida Hills 1716	(011) 674 1818	Gauteng	
Charmaine Kruger	T.A Pro-Strain	P.O Box 57171 Springfield, 2137	(011) 942 1291	Gauteng	
Colleen King	Powerdrive Manufacturing	P.O Box 1685 SouthDale, Jhb	493 3649	Gauteng	Golf Carts
Merlin Lambert	Mline CC	622 Outdekkers Rd Plaza Centre Unit	673 4754	Gauteng	Information Technology
Elias Radebe	PNS International	P.O Box 57020 Springfield 2137	493 0225	Gauteng	Manufacturing
Theo Burgess	Dolphin Shipping Trust	P.O.B ox 31176 Braamfontein 2017	880 2950	Gauteng	Services
Jacob Gaeje	Phomella Plastics	P.O Box 275 Kya Sands	708 1704	Gauteng	Plastic Injection Moulding

Sally Marengo	KPL Die Casting	P.O Box 2624, Bedfordview 2008	873 0264	Gauteng	Manufacturing
Busi	Busi's Coach/Bus Business Enterprises	14 Matumi St, Mayberry Park	864 1412	Gauteng	Services and Transport
Kenny Malgas	SAFIC Black Empowerment Enterprises	P.O Box 1754 Alberton 1450	907 2860	Gauteng	Suppliers
Brent Leeuwn	GA Stationers	P.O Box15824, Doornfotein 2028	331 0064	Gauteng	Wholesale/Retail
Kate Norton	Petite Designs	P.O Box 43239 Industria, 2042	474 8728	Gauteng	Furniture and Fixtures
Les Hutton	Feed the People and Organic Farms	P.O Box 1707, Umhlanga Rocks,Durban, 4320	(031) 562 7509	KwaZulu Natal	Agricultural Production-Crops
Mandla	Meat Junction	Shop 7-14 Brakehill Road	(031)337 2503	KwaZulu Natal	Services
Michael Shain	Madeira Cane	35 Richard Road, Industrial North, Johannesburg, 1709	673 6857	Gauteng	Manufacturing
Chris Magagula	Eyethu Shipping Company	(031) 301 1470	P.O Box 2161 Durban, 4000	KwaZulu Natal	Shipping
Glen Hartell	Hartell Manufacturing Services	(012) 803 3525	912-026 Silverton Gauteng 0127	Gauteng	Motor Vehicle Components and Accessories
Blanche de Wet	Glow Gear	(021) 886 6972	8 Tongaat St, Plattenburg Industrial	Western Cape	Apparel and other Textile Products
Joao Antonio Undengue	Sinako Cleaning Services	(021) 421 4650	66 Strand St	Western Cape	Cleaning Contractors
Rodney Maharaj	Associated Printing	(021) 461 5646	P.O Box 12096 Mill St	Western Cape	Manufacturing
Gys Genis	All Diesel Engine	(021) 987 0205	Industria Rd, Kraaifontein	Western Cape	Manufacturing
John Reid	Metite Alloys	(021) 932 7941	13 Glenhurst St, Parow Valeey, Cape Town, 7500	Western Cape	Manufacturing
Ln Greyling	Rainbow Hut Colour Corp	(041) 453 9581	2 Lewerkie St,Cotswold	KwaZulu Natal	Manufacturing
Themba Mtati	Yenza Manufacturing	(041) 487 1683	P.O Box 9128 Estadeal 2028	Eastern Cape	Manufacturing
Faaik Allie	MFA Mould Designs	(041) 991 1641	Main Rd. Uitenhage	Eastern Cape	Manufacturing
Siphiwe	Kunene Travel and	(031) 304 5409	160 Pine St	KwaZulu	Travel and Tourism

Kunene	Tours		Durban,4001	Natal	
Kenneth Alves	Sechaba Africa	326 4660	P.O Box 2290 Randburg, 2125	Gauteng	Travel and Tourism
Alan Sussman	Tau Medical Supplies	728 4740	38A Currie St. Oaklands, 2192	Gauteng	Medical Instruments/ Equipments
Nthabiseng Taukobong	Moago Interior Architectural Designs	447 7767	P.O Box 3209 Rivonia,2128	Gauteng	Furniture and Fixtures
Linda Zama	Soweto Truck Owners Asscn	433 0808	17 Paul St. Chrisville	Gauteng	Waste
Walter	Webcom Consulting	234 5260	16 Wessels Rd, Rivonia	Gauteng	Information Technology
Kagiso Dhlala	Khayalile Projects Cc	397 4475	PO. Box 8257,Halfway Hse,1685	Gauteng	Cleaning and Garden Services
Sisa Njikelana	Ruhanyu Health Care Investment Company	833 2902	P.O Box 61846,MarshallT own, 2017	Gauteng	Medical Instruments and Related Industries
Angela Cawood	Uniglobe Musgrave	(031) 202 0077	P.O Box 50557,Musgrave Rd, 4062	KwaZulu Natal	Travel and Tourism
Marcus Sellan	Aum Chemicals	(032) 551 2858	54Manor Drive, Stanger KwaZulu Natal	KwaZulu Natal	Chemical Manufacturers
Mrs Govender	Mrs Govender's Curry Paste				
Trevor Ackerman	Impact Cleaning	793 1126	P.O Box 890,Ferndale,Ra ndburg, 2160	Gauteng	Cleaning Contractors
Robyn Garrun	X-otica	(011) 643 6011	P.O Box 4649 Johannesburg, 2000	Gauteng	Jewellery
Sheila Sekhitla	The View Guest House	926 1731	P.O Box 390, Halfway House, 1685	Gauteng	Services
Derrick Tshivase	Lumacon Airconditioning	656 4422	P.O Box 1040 Kelvin, Sandton, 2054	Gauteng	Industrial Machinery
Helen Kerstein	The Comfort Zone	7065606	Postnet Suite 265,Private Bag 265,	Gauteng	Wholesale/Trade-Durable Goods

			Bryanstown,2021		
Diane Wolter	South African Jewellers	444 9016	P.O Box 71294,Bryanstown 2021	Gauteng	Jewellery Manufacturers &Distributors

Appendix F WORKPLAN

This work plan serves to demonstrate the methodology and the scheduling of the work to be accomplished by KNC in implementing evaluation of SAIBL project. Based on the documents analysed and meetings held to date (11 05 2003), it is clear that the project is not only important but has a wide spectrum of business partners. It is also evident that the project has attained success but has potential to do still better. To that end, KNC will undertake the evaluation very thoroughly and as inclusive of the key stakeholders as possible. Secondly, based on the information gathered and drawing on other comparative analysis KNC will provide the most optimal recommendations that could add value to the project.

1. METHODOLOGY

For the purposes of this evaluation, the team will employ a consultative participatory approach that involves the different stakeholder groupings. The consultations will be geared towards identifying the progress and impact of SAIBL interventions. Where possible, the value of these interventions will be quantified, and where quantification is not feasible, the trail of consequences from the SAIBL intervention will be recorded.

The SAIBL programme forms part of the Strategic Objective 5, viz. Increased market driven employment opportunities, and the wider country Strategy of USAID. Accordingly the impact and cost effectiveness of SAIBL will be measured against the stated objective and also to the terms of reference specific to the SAIBL project.

- Document and literature review pertaining to SO5, country Strategy and SAIBL documentation, e.g. cooperative agreements, work plans, project implementation reviews, quarterly and annual reports, etc
- A detailed and intensive analysis of the SAIBL documents in order to have a clear picture of the efforts offered, challenges faced and subsequent outcomes.
- Interviews with USAID and SAIBL staff in South Africa and USA (CCA) at the executive and operational level over the first two weeks of the evaluation
- A structured (and within the bounds of the work and the timeframe a reasonably statistically representative) sample survey of SAIBL clients. If possible the sample should represent both business and geographical spread.

- Weekly debriefing with USAID and Mega Tech, and oral presentation
- Draft written report that captures the essence of the project and as well as a tool to solicit feedback and exchange views.
- Final report that is comprehensive and reflective of the mandate as much as possible.

2. DATA COLLECTION

In addition to the information to be obtained from the review of the documentation and from the interviews with personnel from USAID and SAIBL, the team will also gather data from the clients of SAIBL. For the purposes of the latter, a survey questionnaire will be developed. Secondly and as much as possible national data for purposes of comparison will be used where and when such comparisons are necessary.

Data Collection Instruments

The survey questionnaire will cover the existing SAIBL clients and if possible those who have fallen out of the project. The thrust of the questionnaire is to capture as much as possible the role that SAIBL has played in promoting and linking respective businesses in USA, locally and regionally. The questionnaire will also attempt to identify challenges faced and issues that can address sustainability of these companies. Illustrative issues in the questionnaire will cover among others the following:

- Client Profile:
- Type SAIBL intervention:
- Duration of the intervention/relationship
- Present and potential outcomes:
- Changes in business flows due to SAIBL intervention:
- Number of employees due to SAIBL intervention:
- Capacity improvement due to SAIBL intervention:
- The degree to which the companies can sustain themselves after SAIBL:

Data Collection Process

Often the greatest difficulty with surveys is that of obtaining the responses timeously. In this particular case time is the most binding constraint, and the number of responses is limited by this constraint. In order to achieve the sectoral and geographic representativity of the sample, three data collection approaches shall be implemented:

- Face to Face interviews
- Telephonic Interview
- Fax or e-mail administrated interviews

The team hopes that the sample size may be around 20% of the population size.

3. ANALYSIS OF DATA

The returns obtained from the clients and the interview data obtained from other role players will be analysed in terms of the following leading research questions:

- The extent to which the objectives of SAIBL have been met in the context of SO5 and the country strategy
- How the SAIBL outcomes measure up against comparable national information on issues such as SME growth, job creation, Rands per job created, etc.
- Challenges, constraints, and areas for improvement
- Separating out contributing difficulties associated with the SME sector generally from those experienced by SAIBL
- Recommendations on the way forward
- Possibilities for replication, extension

The analysis shall make use of tabulated information, description of experiences and limiting factors experienced by SAIBL. Where and if necessary, constructive criticism may be provided.

4. FIELDWORK SCHEDULE

Day 1-5 Meeting, Interviews, USAID, SAIBL

Day 5 Questionnaire development

Day 6 Sharing Questionnaire with SAIBL staff and USAID

Day 7 – 13 Interviews: Gauteng area clients; telephonically, face to face, etc.

Day 11 –14 Interviews: Eastern Cape Western Cape

Day 14 – 18 Drafting of report

Day 18 Presentation

The field work schedule above is based on the assumption that all the required information regarding clients will be provided to the team in time

5. FORMAT OF REPORT

EXECUTIVE SUMMARY

1. .0 INTRODUCTION

2.0 SABIL PROGRAMME Description

3.1 Programme rationale, objectives, design and strategy

3.2 Programme Management

3.0 Impact ASSESSMENT

3.1. Obstacles

3.1 Impact

3.2 Cost Effectiveness

4.0 Beneficiary Evaluation

4.1 Beneficiary Evaluation

4.2 Beneficiary Needs

4.3. Finance Constraints

5.0 Recommendations

6.0 Lessons Learned

7.0 Conclusions

8.0 APPENDICES

7.1 Appendix: Mission Itinerary

7.2 Appendix: List of Persons Met and Places Visited

7.3 Appendix: Mission Methodology

7.4 Appendix: Evaluation Approach

7.5 Appendix: List of Documents Consulted

Appendix G SURVEY INSTRUMENTS

1. Name of company: _____
2. Physical Address: _____
3. Postal Address: _____
4. Telephone: _____ Fax: _____ E-mail: _____
5. Percentage ownership by gender: Male _____ Female _____
6. Percentage ownership by race: Black: _____ White _____
7. Date of establishment: Day _____ Month _____ Year _____
8. In what industry is your business?

<input type="checkbox"/>	Agricultural
<input type="checkbox"/>	Mining
<input type="checkbox"/>	Construction
<input type="checkbox"/>	Manufacturing
<input type="checkbox"/>	Transport / public utilities
<input type="checkbox"/>	Wholesale / retail trade
<input type="checkbox"/>	Finance, insurance or real estate
<input type="checkbox"/>	Services (e.g. hotels)
<input type="checkbox"/>	Government
<input type="checkbox"/>	Information technology
<input type="checkbox"/>	Other (Please specify)

9. Do you export any of your products?

YES	NO
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10. If yes, to which of the following countries do you export?

<input type="checkbox"/>	Tanzania	<input type="checkbox"/>	Zambia
<input type="checkbox"/>	Botswana	<input type="checkbox"/>	United States

11. When did you first establish a relationship with USAID?

12. How did you hear about SAIBL? (You may select more than one option)

<input type="checkbox"/>	Media
<input type="checkbox"/>	Corporate council on Africa
<input type="checkbox"/>	Ebony Consulting International (ECI)

<input type="checkbox"/>	Phoenix Venture Partners
<input type="checkbox"/>	Development Alternatives Inc. (DAI)
<input type="checkbox"/>	SAFIKA SA Online
<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Other

13. What was your most positive aspect out of your relationship with SAIBL? (You may select more than one option)

<input type="checkbox"/>	Training and skills development
<input type="checkbox"/>	Financial assistance
<input type="checkbox"/>	Expansion opportunities
<input type="checkbox"/>	Technical assistance
<input type="checkbox"/>	Business advice
<input type="checkbox"/>	Market access
<input type="checkbox"/>	Other (please specify)

14. How satisfied are/were you with the services provided by SAIBL?

<input type="checkbox"/>	Highly satisfied
<input type="checkbox"/>	Satisfied
<input type="checkbox"/>	Dissatisfied
<input type="checkbox"/>	Highly dissatisfied

15. What type of assistance have you received from SAIBL? (you may select more than one option)

<input type="checkbox"/>	Training and skills development
<input type="checkbox"/>	Financial assistance
<input type="checkbox"/>	Introduction to business partners
<input type="checkbox"/>	Technical assistance
<input type="checkbox"/>	Access to trade shows
<input type="checkbox"/>	Research and development
<input type="checkbox"/>	Other (please specify)

16. Do you have any evaluation process by SAIBL?

YES	NO
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17. How often did you communicate with the SAIBL representative?

<input type="checkbox"/>	Daily
<input type="checkbox"/>	Weekly
<input type="checkbox"/>	Monthly
<input type="checkbox"/>	Annually

18. SAIBL service providers possess the required expertise to assist you with your project?

<input type="checkbox"/>	Strongly agree
<input type="checkbox"/>	Agree
<input type="checkbox"/>	Neutral
<input type="checkbox"/>	Disagree
<input type="checkbox"/>	Strongly disagree

19. Did you have a business plan in place prior to your initial contact with SAIBL or did SAIBL assist you in drawing up your business plan?

20. What were your expectations from SAIBL? (You may select more than one option)

<input type="checkbox"/>	Technical Assistance
<input type="checkbox"/>	Financial Assistance
<input type="checkbox"/>	Maintaining continuous communication
<input type="checkbox"/>	Introduction to International expansion opportunities
<input type="checkbox"/>	Training and skills development
<input type="checkbox"/>	Sustainability of services provided
<input type="checkbox"/>	Access to new Technologies
<input type="checkbox"/>	Access to new domestic markets
<input type="checkbox"/>	Increased profitability
<input type="checkbox"/>	Other (please specify)

21. How many employees did you have before your initial contact with SAIBL? _____

22. a) By how much has your workforce increased since your partnership with SAIBL?

b) How many employees are currently employed? _____

23. a) What are your annual turnover rates as a small business?

<input type="checkbox"/>	100 000 – 500 000
<input type="checkbox"/>	500 001 – 1000 000
<input type="checkbox"/>	1000 000 – 2000 000
<input type="checkbox"/>	2000 000 – 5000 000
<input type="checkbox"/>	Above 5000 000

b) What proportion of this figure is attributable to your partnership with SAIBL? _____

c) On average, what were your turnover rates prior to your partnership with SAIBL?

24. Has SAIBL helped you access opportunities under AGOA?

25. What type of technical assistance did you get from SAIBL?

26. What type of financial assistance did you get from SAIBL?

27. Are the interventions proposed by SAIBL sustainable in the long term? (Why)

28. To which types of organisations did SAIBL provide your business with linkages?

<input type="checkbox"/>	Local businesses
<input type="checkbox"/>	Locally based multinationals
<input type="checkbox"/>	Foreign based multinationals
<input type="checkbox"/>	Parastatals
<input type="checkbox"/>	Government

29. On a scale of 1 to 5, where 1 is to no extent, 2 is to some extent, 3 is average, 4 is above average and 5 is to a great extent, have your expectations been met?

	Technical Assistance
	Financial Assistance
	Maintaining continuous communication
	Introduction to International expansion opportunities
	Training and skills development
	Sustainability of services provided
	Access to new Technologies
	Access to new domestic markets
	Increased profitability
	Other (please specify)

30. Rank the following constraints in order of importance, specific to your business. A rating of 1 should be given to the factor that you attach the *least important* to and a rating of 8 to the factor that is of *most importance to you*. (Please do not rank any options equally).

	Access to capital
	Exchange rate fluctuations
	Taxation systems
	Lack of technological innovation
	Demand for products
	Skill shortages
	Access to markets
	Geographical location